



NEWFOUNDLAND AND LABRADOR
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Dear Sirs/Madam:

Re: Rate Mitigation Options and Impacts Reference
– Draft Issues To Be Reviewed
– Schedule and Process

Please find enclosed the Draft Issues To Be Reviewed. Comments on this Draft must be filed by 3:00 PM on Wednesday, April 10, 2019.

Also enclosed is the Schedule and Process for the Reference which has been previously discussed.

If you have any questions or require any clarification, please do not hesitate to contact Ms. Maureen P. Greene, Q.C., Reference Counsel, by e-mail mgreene@pub.nl.ca or by telephone (709) 726-3175.

Sincerely,



Cheryl Blundon
 Board Secretary

CB/bt
 Enclosures

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**REFERENCE - RATE MITIGATION OPTIONS AND IMPACTS
MUSKRAT FALLS PROJECT**

ISSUES TO BE REVIEWED

1. Potential Cost Savings

- Alterations to Muskrat Falls Project Financing payment requirements, including sinking fund and interest payments
- Alterations to Muskrat Falls Project Financing requirements for the project debt structure
- Rate of return included in the project financing and contractual arrangements for Nalcor Energy and Newfoundland and Labrador Hydro
- Rate of return for Newfoundland and Labrador Hydro established by OC2009-063
- Application of project dividends to reduce the revenue requirement
- Depreciation methodologies and amortization period used for Muskrat Falls project assets
- Organizational and operational efficiencies at Nalcor Energy and Newfoundland and Labrador Hydro, including the role of Nalcor Energy Marketing and level of regulatory oversight
- Asset transfer and/or consolidation of operating responsibilities related to generation, distribution and transmission between Newfoundland and Labrador Hydro and Newfoundland Power
- Operating and Maintenance Costs of Muskrat Falls Project

2. Revenue Opportunities

- Increased demand in the Province, including demand due to electrification including oil-heated institutions switching to electricity, increased vehicle electrification and the appropriate policies and rate design considerations required to support electrification
- Enhanced conservation demand programs to reduce capacity and energy requirements to increase available capacity and energy for electrification and exports and to delay or eliminate future supply-side capacity resource requirements
- Maximization of export sales revenue from capacity and energy available for export, including best practices.

3. Available Capacity and Energy

- Forecast Island Interconnected system load and the amount of energy and capacity from the Muskrat Falls Project required to meet that load
- Recall Power available for the Island Interconnected system
- Impact on the Island Interconnected system load of rate increases to recover Muskrat Falls Project costs
- Capacity and energy available for export and load growth
- Potential Industrial and Newfoundland Power self-supply or generation

4. Rate Impacts of Cost Savings and Revenue Opportunities

- Impact of various cost savings and revenue increases on forecast electricity rates

**REFERENCE - RATE MITIGATION OPTIONS AND IMPACTS
MUSKRAT FALLS PROJECT**

SCHEDULE AND PROCESS

February 15, 2019	Board's Interim Report
February to August 2019	Information gathering and analysis continues
March 10, 2019	Requests for standing
March 13, 2019	Standing granted
March 28, 2019	First technical conference and stakeholders' session
June 3-5, 2019	Second technical conference and stakeholders' session
August 5-6, 2019	Third technical conference and stakeholders' session
September 3, 2019	Board experts' reports filed
Mid-September, 2019	Parties' expert reports filed
October 3, 2019	Public Hearing Begins
November 1, 2019	Submissions
January 31, 2020	Board Final Report